

Reports: HP to combine printer, PC divisions

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(AP) -- Hewlett-Packard Co. is combining its printing and PC units to save money, according to published reports.

The technology blog AllThingsD first reported the restructuring plan Tuesday citing anonymous sources. HP would not comment.

The move comes at a time when sales of printers and ink, once HP's lifeblood, are falling amid declining demand and growing competition. HP is the world's No. 1 maker of personal computers. But PC sales are hurting, too, as people turn their attention to tablets and smartphones.

Aside from external factors, Hewlett-Packard also faces internal problems, something CEO Meg Whitman acknowledged in a February conference call.

"We didn't make the investments we should have during the past few years to stay ahead of customer expectations and market trends," she told analysts after HP reported lower earnings and revenue. "As a result, we see eroding revenue and profits today."

Whitman became HP's CEO in September, replacing Leo Apotheker, who served just 11 months before he was ousted. Whitman is the company's third chief executive in less than three years.

Apotheker had announced that HP was looking to sell or spin off its PC division, but under Whitman's guidance the company said it will keep the unit.

HP said last month that it plans to spend several years turning itself around. The expected combination of its PCs and printer units is part of that plan, and will likely lead to job cuts and cost savings, according to reports. Together, the two units made up about half of HP's \$30 billion revenue in the first quarter.

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